

THE TIERRA MANIFESTO OF 2009
Version 2

By

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“As to methods there may be a million and then some, but principles are few. The man who grasps principles can successfully select his own methods. The man, who tries methods, ignoring principles, is sure to have trouble.”

Ralph Waldo Emerson, 1890s

A. PREAMBLE

1. Last week some 2000 climate scientists from 85 countries met in Copenhagen. At the same time the G20 finance ministers and five members of international financial institutions (IFIs) met in Horsham near London. The media coverage, at least in the USA, was minimal about the Copenhagen conference and rather copious about the Horsham meeting.

2. This Manifesto is addressed to both those communities and particularly their heads of state, because it is incumbent upon them to conduct a political process that is fair, transparent and inclusive. They are the ones who, in last instance, have to decide on the principles, policies and programs that would put humans and other sentient beings in the position to survive and thrive within a planet that still is habitable if the right decisions are made during this pivotal year 2009. Though World Bank president Robert Zoellick considers 2009 “a dangerous year”, I consider the year 2009 an axial or pivotal year. It is the outcome of the meetings of both the economic and climate crises communities on April 2 in London, the ongoing UNFCCC meetings in Bonn, the UN financing conference in New York in June, and the UNFCCC conference in Copenhagen in December that provide the pivot or axis for the next three decades and, probably, for the 21st century.

3. This Manifesto is presented to press the global political leadership into becoming statesmen and stateswomen who are willing to think outside the box of present international financial institutions and not use the IMF/IBRD as a crutch in solving the economic crisis. As a matter of fact, the Tierra Solution upon which this Tierra Manifesto of 2009 is based rests upon the theory that one can solve the economic crisis only by resolving the climate crisis. The time has passed to treat the economic and climate crises sequentially: no lasting solution is possible

without attacking both crises simultaneously. Not doing this means measures that may give some relief in the short term while aggravating both crises in the mid- and long-term.

4. I consider the G20 Summit the first crucial step in 2009 for the world community to relieve the pain and suffering of billions of our fellow citizens and other sentient beings. In last instance, these are inflicted upon them by the economic and climate crises, which are not so much caused by greedy and selfish people, as by an international economic system that enriches the few, impoverishes the many and imperils the planet.

5. Therefore, transformational change is needed in the monetary, financial, economic systems to relieve all that suffering and reduce the damage to the planet. Rather than dealing with the international economic system first, the Tierra Solution addresses itself first to the international monetary system, which is the basis of the international and financial and economic systems and the glue that binds them together.

6. Transforming the international monetary system means building a new monetary architecture that replaces the Bretton Woods institutions which have difficulty in even reforming its voice and representation structures as became evident in the ECOSOC Briefing in New York on March 9.

7. One way of bringing this transformation about is transforming the present international reserve currencies into one international reserve currency that is not based on the currency of a nation or a region. Though several proposals have been made and are being made now for such non-national international reserve currency which would be based upon a basket of commodities, major currencies or the consumer price index, they fail to connect with the largest challenge of all, i.e. the climate crisis and base it on carbon emissions.

8. There is a golden opportunity for humankind's political leadership to transform Keynes' "bancor" currency by basing it on the challenge of drastically reducing carbon emissions. Once we, the global climate crisis and economic crisis communities of 2009, accept this challenge of a carbon emission-based international reserve currency unit--it can be considered as the third carbon reduction method besides cap-and-trade and the carbon tax--and its associated monetary architecture of an Tierra International Monetary Union (TIMU), humankind is set on its way to pursue detailed monetary, financial and economic policies that will work in the short-, medium- and long-term. Sustaining and sustainable futures can be envisioned for societies in both the global North and South, using this monetary framework or pathway.

9. The Tierra Manifesto of 2009 presents a transformed international monetary system that creates a necessary, though not sufficient condition, in resolving the economic crisis through resolving the climate crisis. It resonates with the recent words of president Hu Jintao that "Challenge and opportunity always come together—under certain conditions, one could be transformed into the other".

10. Without dwelling too much on the differences that became apparent in the meetings of finance ministers and governors of central banks of the G20 in Horsham on March 13 and 14, the Manifesto presents an alternative framework

for government policy, business strategies and civil society action that will be a necessary, though not sufficient, condition for measuring up to the hugely important and urgent challenges of economic recovery and climatological redress. This framework is not a blueprint, but a road map that sets out principles and policies and presents some programs to implement them.

11. The Manifesto starts out with the principles of a transformed international monetary system which are different from those principles involved in reformist approaches to the international monetary system. Though these approaches still dominate, the transformational approach may surge to eminence when both economic and climate crises deepen as they will during this year. It is clarity and priority of principles that are needed for this transformational approach to emerge rather than failing around with all kinds of methods without those principles. The wisdom of one of America's philosophers about principles and methods, quoted above, are eminently applicable to the present crisis predicament of people and planet.

12. Note that the Tierra Manifesto of 2009 is divided into four parts where each paragraph can be referred to with a letter and number for easy discussion and consensus building.

13. Also note that this is version 2 of the Manifesto, mainly due to the issuance of the important draft report of the UN General Assembly President's Commission on Monetary and Financial Crises on March 19 from which three paragraphs are being marked up below. http://www.un.org/ga/president/63/commission/financial_commission.shtml

B. PRINCIPLES:

1. No stability in the monetary, financial, economic systems is possible without the the *principles of equity and sustainability*. 2009 solutions to the economic and climate crises are to be placed within an ethical context in order to lead to sustainable and stable monetary, financial and economic systems. Article 3 of the 1992 UNFCCC speaks to ethical obligation. (It warrants its own theme group among the other three theme groups of Secretary General Ban's climate change efforts.) As a matter of fact, the TIMU system's flow of Tierras from the ecological debtor countries in the global North to the ecological creditor countries in the global South would provide, on a basis of justice and equity, the funds for mitigation and adaptation measures and economic development in the global South. Fortunately, humankind is blessed with an integrated value document for the 21st century that is complementing the 20th century Universal Declaration of Human Rights. The Earth Charter with its integrated social and ecological values was adopted in 2000 after a five year long global consultative process. Unfortunately, only a few national governments and a few UN organizations are using it as the basis for their integrated value-based planning.

2. In order to resolve a nation's economic and climatological crises its government, business and civil society have to come to *adopt a global approach* given the fact that we live in a globalizing world. Once a clear global picture has been acquired of what is happening and what has to be done on the global level in respect to the

economic and climate crises, a nation's government, business and civil society are able to plan strategically on the national level. Presently, too much national striving is taking place rather than engaging in a global striving.

3. *Cooperation is essential* in resolving both the economic and climate crises the meaning of which was well expressed by Britain's Chancellor of the Exchequer when he welcomed the 25 representatives to Horsham last week

4. *The two major crises* in our local and global economies and in the local and global climate *have to be approached simultaneously, not sequentially*. The Tierra Manifesto of 2009 will show below in its policy section how the economic crisis can be resolved by resolving the climatological crisis. Recently, internationally known economists Joseph Stiglitz and Sir Nicholas Stern emphasized the need to consider both crises simultaneously and give priority to the climate crisis, given that the scope of the climate crisis is humanity's greatest challenge even in these dire economic times.

5. *The most basic system among the world's monetary, financial, economic systems is the monetary system*. It is the glue of the financial system, which is, in its turn, is the glue that keeps the economic system together. It is the dimension that most politicians and scientists, let alone common people, are little aware of.

6. *In periods of severe economic and climate crisis humanity has to engage in longterm thinking without neglecting mid-term and short-term solutions*. George Monbiot's recent view of humanity losing the climate battle calls for urgent rethinking. More riots, suicides, abused women, greater environmental destruction are going to happen in 2009 unless confidence is going to be built up. Unless principles are clear in this rethinking of values, norms and institutions, all kinds of financial and climate measures and methods are not going to work and people and planet will suffer more deeply.

C. POLICIES

Based upon the above principles, I am presenting the Tierra Solution and its TIMU Architecture to the business and civil society and particularly the government and IFIs participants in the four major conferences in 2009. They are briefly described here together with their institutional location at the UN. Further information can be found in the section of the six components of the TIMU architecture on www.timun.net and in TIMU: The Transformative Approach to Monetarily Solve the Economic Crisis by Solving the Climate Crisis which is due to be published this summer by Cosimo Publishing in New York.

1. *Instituting the Tierra international reserve currency and making it part of a nation's carbon account in its balance of payments as the basis of Tierra International Monetary Union (TIMU) Architecture*: this transformative monetary approach will be able to provide a road map to recovery and a framework for policy development, business strategies and civil society action. Details of proposals of earlier economists and social scientists who have been advocating a non-national international currency can be useful in working details for the Tierra international reserve currency. Notable among this non-national and non-emission

based proposals are called “bancor” (Keynes, 1944), “Intor (Mundell, 1960s), “global green back” (Stiglitz, 1990s), “ebcu” (Douthwaite 1990s), Terra (Lietaer 1990s). “Tierra” (Verhagen, 2009).

2. *The World Central Bank* is to administer the carbon accounts in the Treaty nations’ balance of payments, present technical assistance to the Tierra Administrative Boards, particularly in the global South, fix the exchange rates based upon the carbon price on the world market, monitor capital flows, particularly of the “shadow financial system”, promote the closing of offshore banking and strengthen accountability and transparency in the banking system and, in these difficult economic times, provide liquidity in a way and volume decided by the Treaty nations’ central banks.

3. *Removing the money creation function from commercial banks* or letting the old, 400 year old fractional banking system continue is a basic decision to be made by all in both the economic crisis and climate crisis communities during this axial year. James Robertson of the New Economics Foundation who was for several decades a White Hall official, engaged in monetary matters and Ellen Hodgson Brown, lawyer and author may be useful guides here. Banks would become lending institutions that would not creating money anymore by fractional banking. Money creation would revert back to the public sector whose right and responsibility it is in the first place. It is clear from the present financial mess that banks that are competing with one another using this important governmental function, is a prescription for disaster. Given the complexity of the globalization of the various asset classes, a regulatory scheme will always be coming up short, given the ethically challenged commercial and investment bankers, be they separated by “Chinese walls” or not. As part of this transformation of the banking system, privately owned central banks such as the US Federal Reserve System are to be integrated into their governments’ Treasury departments. Though this removal of fractional banking is not an essential condition in the TIMU monetary structure, the International Institute of Monetary Transformation believes that such drastic change away from centuries of privately owned banking is recommendable.

4. *Establishing fixed exchange rates* based upon the one carbon emissions-based international reserve currency of the Tierra will have many advantages, particularly in these times of crises where nations or regions still try to gain advantage by playing with their valuation of their currencies.

5. *Adopting a bioregional approach to economic planning* which would replace the market fundamentalism and the Washington Consensus that has been the basis of the world’s economy during the last thirty years. Without changing the present economic philosophy that has not worked globally, the monetary transformation will not work. Irish economist Richard Southwaite, senior fellow at IIMT, has written the Growth Illusion book that points out that present economies are running backwards and making their citizens worse off and that they are to be restructured based upon local, rather than global imperatives.

6. *Adopting a position of frugal trade* where economies in the global South are not made export oriented, but geared towards domestic satisfaction of needs and where transportation miles of food, goods and services are reduced in order to

reduce carbon emissions. Rethinking international trade is opportune now given that it is down by 70% and that its economic and climatological impacts have been negative. Becoming locavores has many advantages for people and planet.

7. The above six paragraphs presented the six essential components of the TIMU Architecture. I consider the architecture the next step in transforming the international monetary system, the reform of which was started in the highly underestimated UN GA President's Commission Draft Report mentioned in A 13. I am adding in this version two of the Tierra Manifesto of 2009 the following mark-ups that I have sent to the personal notice of both Dr. Clark and Ambassador Clark of the President's Commission on Monetary and Financial Crises who have been very positive on the Tierra Solution of a carbon-based international reserve currency. The capitals in the quoted paragraph are mine recommendations for the present draft text, recommendations that the reader may pass on to their head of state and finance ministers.

Proposed change in capitals for paragraph 47 about **A New Global Reserve Currency:**

“47. But a two (or three) country reserve system, to which the world seems to be moving, may be equally unstable. The new Global Reserve System WHICH CAN BE CARBON-BASED, OR COMMODITIES, CURRENCIES OR CONSUMER PRICE BASED is feasible, non-inflationary, and could be easily implemented, including in ways which mitigate the difficulties caused by asymmetric adjustment between surplus and deficit countries.”

Proposed change in capitals for paragraph 52 about **“A Global Economic Coordination Council.”**

“52. A globally representative forum to address areas of concern in the functioning of the global economic system in a comprehensive way must be created. THIS CAN BE DONE BY CREATING A GLOBAL CENTRAL BANK TO WHICH NATIONS CEASE MONETARY SOVEREIGNTY OR BY CREATING A GLOBAL ECONOMIC COORDINATION COUNCIL. At a level equivalent with the General Assembly and the Security Council, such a Global Economic Council should meet annually at the Heads of State and Government level to assess developments and provide leadership in economic, social and ecologic issues.”

Proposed change in capital for paragraph 78 about **“More stable and Sustainable Development Finance.”**

“78. The international community needs to explore a variety of mechanisms of *innovative finance*, including TRANSFERS OF CARBON DEBITS OF A CARBON-BASED GLOBAL RESERVE CURRENCY THAT ARE PART OF THE CARBON ACCOUNT OF AN ECOLOGICAL DEBTOR NATION'S BALANCE OF PAYMENTS, regular emissions of a new global reserves (SDRs), revenues generated from the auction of global natural resources (such as ocean fishing rights

and pollution emission permits), and international taxes (such as a carbon tax, which would simultaneously help address problems of global warming, or a financial
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services tax, which would simultaneously help stabilize international financial markets.)”

Hopefully, the April 2 Summit where Anglo-American capitalism is on trial together with President Obama’s policy of “fortifying the IMF” which is part of that system, is bold enough to start reversing that growthism and debt-ridden system into the direction of a supranational regulatory system that makes the public sector as the sole sovereign in creating money. It is significant that recent US Federal Reserve and the US Treasury are engaging in direct lending without the intermediary of commercial banks, the money of which is coming to be known as “helicopter money”. Cf.

<http://www.opednews.com/articles/IN-DEFENSE-OF-BERNANKE-S-H-by-Ellen-Brown-090328-913.html> Like in the 1890s, the US polity may engage again in a wide-ranging national debate about who and how should create money, particularly if the US Congress decides as proposed by an excellent and long editorial in the Sunday NY Times of March 29 to start in-depth hearings as happened in the Pecora inquiry during the 1930s. Perhaps, America the Tarnished which lost its 1990s role model status as argued by influential NY Times columnist and Princeton Economics professor Paul Krugman in the NY Times of March 30, may find its economic, cultural and political self by going through such purifying national conversation under the leadership of a bold, intelligent and humble president. At such point transformation rather than reform becomes possible.

8. *Agreeing on a set of global stimulus packages* is part of the Tierra Solution’s global and cooperative approach to the economic and climate crises. The economic crisis and climate crisis communities may consider to have them funded directly by their Treasuries rather than by their privately owned central banks. Spending money into circulation in that way without the intermediary of a commercial banking system would not cause inflation, as long as the money is matched with programs and does not cause excess credit. It is significant that North Dakota which has a publicly owned central bank has economically outperformed all other states in the USA. Spending billions on alternative energy projects together with carbon reduction via the Tierra international reserve currency would be a mighty way forward in combating the climate crisis in the global North and South.

8. *Deciding to submit Tierra’s TIMU Architecture to detailed consideration* by the UN General Assembly President's Commission on Monetary and Financial Crises. Its senior advisor, Dr. Michael Clark, is intimately cognizant of the Tierra Solution and its TIMU Architecture and has spoken very positively about it during a public DPI briefing on January 15 at UN headquarters. (The Commission’s chairman, professor Stiglitz, has been proposing the global greenback international reserve currency which is not emission based.) The President’s Commission can also survey the IMF, World Bank, national central banks and Treasury departments for additional input and support of a carbon-based international reserve currency. Presently, China is still pushing for supersovereign international reserve currency to replace the

dollar and it is in the interest of developing countries not to be forced to hold dollars in their reserves for which they paid minimal interest and which reduce the scarce funding for domestic economic development.

9. *Raising the institutional level of the UN GA President's Commission on Monetary and Financial Crises* given that it represent the G192. This could be done by making the Commission an integral part of the UN General Assembly operations as an additional standing committee.

D. PROGRAMS

Once principles and policies are agreed upon, hundreds of related programs can be developed to bring this transformed international monetary system into life. Briefly the following programs warrant mention. They can be developed and implemented by government, business and civil society organizations. It is recommended that the three sectors cooperate as much as possible, following the ICLEI approach, where government, business and civil society have been working together under the Local Agenda 21 umbrella.

1. *The Two-In-One program*: showing how the two major crises have to be tackled simultaneously, not sequentially is essential in promoting the Tierra Solution and its TIMU Architecture.
2. *Monetary education program*: new secondary and tertiary level educational resources have to be developed using information from IIMT, FAESTA, American Monetary Institute, Oxfam UK and from the links and documents sections of those organizations' websites.
3. *Three related activist programs*: IIMT has developed the Organizational Statement of Support (O-SOS) program where an organization discusses this Manifesto and other IIMT documents to arrive at a consensus document that would be uploaded to the IIMT website. Related to O-SOS is the Tierra Declaration which provides a template for organizers of economic and climate crises events to strive towards a consensus document that can be published in local media and uploaded to the IIMT website. Finally, there is the traditional Tierra Petition where individuals can sign on. All three are described further under Actions on www.timun.net.
4. *Non-violent civil disobedience program*: many more demonstrations, riots will occur during 2009 and it is important that acts of civil disobedience be nonviolent to be effective. It is not widely known that the New Deal legislature was signed by President Roosevelt in the 1930s after widespread demonstrations, riots and other expressions of a mass protest movement. Such movement will also strongly emerge this year. Only real change, i.e. value change and transformational policies based upon clear principles will be able to satisfy these justified demands.
5. *Internet mobilization program*: using the enormous resources and capability of the Internet is a given for a non-violent mass mobilization, the parameters of which have been studied and implemented since the 1960s by the International Peace Research Association (IPRA) the organization that I represent at the UN

Headquarters and of which my Earth and Peace Education Associates International (EPE) has been an active member for almost two decades. One of the many ways IIMT is marshalling support for the Tierra Solution—other ways are being described in the events, news and blog sections of www.timun.net-- is by surveying many of the thousand ECOSOC NGOs already registered for the Copenhagen conference, the results of which will also be part of the forthcoming TIMU: The Transformative Approach to Monetarily Solve the Economic Crisis by Solving the Climate Crisis, to be published by Cosimo: a Specialty Publisher of Books that Inspire, Inform and Engage Readers Worldwide.

D. WAY FORWARD

1. The Way Forward of the earlier quoted Earth Charter states: “As never before in history, common destiny beckons us to seek a new beginning. Such renewal is the promise of the Earth Charter principles. To fulfill this promise, we must commit ourselves to adopt and promote the values and objectives the Charter..... “Let ours be a time remembered for the awakening of new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life.”

2. About ten years after these words were decided upon in The Hague, where thousands had gathered to celebrate the Earth Charter benchmark version, the world and the planet has fallen into an economic and climatological abyss. Getting out of this abyss demands the best scientific, religious, spiritual resources that humanity has to offer and can draw upon.

3. In respect to the climate crisis, the one we have to solve before we solve the economic crisis, the following presents humanity’s three choices. *‘We basically have three choices – mitigation, adaptation, and suffering. We’re going to do some of each. The question is what the mix is going to be. The more mitigation we do, the less adaptation will be required, and the less suffering there will be.’* John Holdren, President of the American Association for the Advancement of Science.

4. Like the Rio Earth Summit in 1992 which was a historic moment in the life of humanity and the planet, the 2009 summits, meetings and conferences could also become a historic process. It could be the pivot in terms of setting direction for the rest of the decade and, probably, the rest of the century and beyond. The London Summit, hopefully, will start this pivotal process.

5. There will be heavy lifting on the part of economic crisis and climate crisis communities to transform the international monetary system, given the present reformist focus on short-term measures dealing with stimulus packages and regulatory reform. However, both the economic and climate crises are deepening and the deeper they get, the greater the opportunity for transformational change and for transformational institutions such as the TIMU Architecture to emerge.

6. Though the 2009 process will determine the mix between mitigation, adaptation and suffering, it is also to be viewed in the context of the challenges of the third revolution of humanity on this planet, i.e. the sustainability revolution, into which humanity is able to evolve if the 2009 decisions are the right decisions. The challenge of this revolution is well expressed by former US EPA Administrator

Ruckelshaus when he posed the following question in the early seventies:

“Can we move nations and people in the direction of sustainability? Such a move would be a modification of society comparable in scale to only two other changes: the Agricultural Revolution of the late Neolithic, and the Industrial Revolution of the past two centuries. These revolutions were gradual, spontaneous, and largely unconscious. This one will have to be a fully conscious operation, guided by the foresight that science can provide. If we actually do it, the undertaking will be absolutely unique in humanity’s stay on Earth.”